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Enriching Lives

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To: Supervisor Yvonne Brathwaite Burke, Chair
Supervisor Gloria Molina, First District
Supervisor Zev Yaroslavsky, Third District
Supervisor Don Knabe, Fourth District
Supervisor Michael Antonovich, Fifth District

From: Dave Lambertson
Interim Director

Subject: **TELEPHONE INTERPRETATION AND TRANSLATION SERVICES –
CONTRACTING ISSUE**

This is to notify you that ISD has discovered an error in our process for the ordering and payment of “over-the-phone” interpretation services. Basically, services have been ordered without a purchase order or contract. This memorandum describes the nature of the problem and the corrective actions that ISD will be taking.

Background

Language Line Services is a firm that provides interpretation services (over the phone) to assist County departments in serving members of the public who do not speak English. The services are provided in a conference call format between the Language Line representative, the applicable County department and the caller. Essentially, when a department receives a call from an individual who does not speak English, the department calls a Language Line representative, who then provides interpretation services for the caller. The County is charged a fixed rate per minute for these services and currently spends approximately \$46,000 a month. Each month, ISD pays Language Line for all services ordered through the County’s centralized Telephone Utilities Budget and, along with their normal telephone expenses, bills the Language Line costs to the applicable County departments.

These services have been provided to the County for more than a decade. ISD has historically ordered and paid for Language Line services through what is termed a “Report of Miscellaneous Charges” (i.e., as opposed to via a purchase order or Board contract). The Report of Miscellaneous Charges payment process is the standard, acceptable, approach for the payment of items such as utility and telephone expenditures. Additional detail on this process is provided in Attachment I.

Up until 1999, AT&T owned Language Line and, along with regular telephone services, provided the County with the interpretation services. In late 1999, AT&T Language Line Service was acquired by Providence Equity Partner, Inc.

Description of Problem

During a recent review of the telephone budget, we found that ISD was ordering and paying for telephone interpretation services in the same manner used to pay for routine telephone utility expenses (i.e., the Report of Miscellaneous Charge process). After conferring with County Counsel, we have determined that these services should only have been ordered from AT&T and subsequently from Language Line, Inc. with either a Board Contract or Purchase Order.

In our current review, we could find no record indicating on what basis ISD believed that the interpretation services could be ordered without a purchase order or Board contract. We have spoken to staff (since retired) that were involved at that time the process was started, more than ten years ago. It appears that, since AT&T was a telephone utility provider, staff assumed that it was appropriate to order and pay for the services using the same process allowed for normal telephone utility expenditures. As already indicated, this assumption was incorrect.

Why the Problem Was Not Detected

In accordance with County policy, ISD maintains a listing of all its contracts and monitors expense rates to ensure compliance with the Board's Contract Policy. This information is reported to the Auditor-Controller each month. ISD did not detect the situation with Language Line Services because:

- There was no contract for services and contract monitoring staff was not aware that the Department was ordering the service; and
- Accounting staff paid Language Line invoices using the "Report of Miscellaneous Charges" process and there were no payments in arrears. Typically, payments in arrears can be an indication of services provided without a Purchase Order or Board Contract.

Summary and Actions to be Taken

Although not intentional, this oversight is regrettable, especially in light of ISD's leadership role in the areas of purchasing and contracting. Although, I am confident that the situation with Language Line is an anomaly, ISD staff has been instructed to perform a detailed review of all expenses made using the "Report of Miscellaneous Charges" process. This will ensure that there are no similar problems.

The continuation of the interpretation services are essential to assist a variety of County departments (e.g., Sheriff, Health Services, Public Social Services, Probation, etc.) in providing services to the citizen's of the County who do not speak English. Therefore, I plan on taking the following actions:

- ♦ Immediately issuing a Purchase Order under the statutory authority of the Purchasing Agent. This will ensure that, in the near term, interpretation and translation services are covered by an appropriate purchasing document. The Purchasing Agent's authority in this regard is limited to \$100,000.

Within 30 days, seeking Board approval for extended Purchase Order authority to allow departments to continue to use needed interpretation services during the time required to by ISD to complete a formal solicitation for these services.

- ♦ Completing a formal solicitation and seeking Board approval for a long-term contract for over the phone interpretation services with one or more vendors.

As indicated above, I plan to submit this item for the Board Agenda within 30 days and will be scheduling a meeting to brief each of your offices on this issue in the near future. Please contact me at 323 267-2101 should you have any comments or questions in the interim.

DL:sg
Attachment

c: David E. Janssen, CAO
Tyler McCauley, Auditor-Controller

FACT SHEET
USE OF "REPORT OF MISCELLANEOUS CHARGES"

ISD pays the providers of certain utilities for expenses (e.g., electricity, natural gas, telephone, etc.) incurred by County departments. These expenses are subsequently billed to departments by ISD.

Such expenses are paid to providers using a "Report of Miscellaneous Charges", which is the County's standard approach when there is no Purchase Order or Board Contract involved in the ordering of services. This process is used for a variety of expenditures and items, including:

- ♦ Utilities (electricity, gas, etc.)
- ♦ Telephone Expenses
- ♦ Petty Cash Revolving Fund Reimbursements
- ♦ Tuition Reimbursements
- ♦ Public Agency Permits and Regulatory Fees
- ♦ Travel Expenditures and Registration Fees

A "Report of Miscellaneous Charges", rather than a Purchase Order or Board Contract is used for the type of expenditures, described above, because prices are already set (registration fees, petty cash reimbursements, etc.)

Up until 1999, AT&T provided the County with over-the-phone interpretation services. ISD paid AT&T for these services using the Report of Miscellaneous Charges process (described above) and billed the applicable user departments for the cost as part of their AT&T phone bill. In late 1999, AT&T Language Line Service was acquired by Providence Equity Partner, Inc. ISD continued to use the Report of Miscellaneous Charge payment approach to pay for the services.